

IMAGESAT INTERNATIONAL (I.S.I) LTD

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2025

UNAUDITED

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- These Financial Statements are a translation of the Hebrew Financial Statements reported on August 28, 2025. In the event of any conflicts between the English and the Hebrew version, the Hebrew version shall supersede.

Auditors' Review

To the Shareholders of

IMAGESAT INTERNATIONAL (I.S.I.) LTD.

Introduction

We have reviewed the accompanying financial information of ImageSat International (I.S.I) Ltd. ("the Company), which includes the condensed consolidated statement of financial position as of June 30, 2024 and the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flow for the six- and three-month period then ended. The board of directors and management are responsible for the preparation and presentation of the financial information for these interim periods in accordance with International Accounting Standard IAS 34, Interim Financial Reporting, and are also responsible for the preparation of this interim financial information in accordance with Chapter D of the Israel Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of the review

We conducted our review in accordance with Israel Review Standard 2410 of the Institute of Certified Public Accountants in Israel, Review of Interim Financial Information by the Independent Auditor of the Entity. A review of interim financial information consists of making enquiries, primarily persons responsible for financial and accounting matters, and applying analytic and other review procedures. A review is substantially more limited in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to be certain that we are aware of all of the significant matters that could be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that this financial information has not been prepared, in all material respects, in accordance with IAS 34.

In addition to that stated in the paragraph above, based on our review, nothing has come to our attention that causes us to believe that the financial information does not comply, in all material respects, with the disclosure requirements of Chapter D of the Israel Securities Regulations (Periodic and Immediate Reports), 1970.

Tel Aviv
August 28,2025

Kost Forer Gabbay and Kasierer
KOST FORER GABBAY & KASIERER
Certified Public Accountants

IMAGESAT INTERNATIONAL (I.S.I.) LTD.**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	As of June 30,		As of
	2025	2024	December 31,
	Unaudited		Audited
	USD in thousands		
<u>CURRENT ASSETS:</u>			
Cash and cash equivalents	21,970	46,898	14,481
Restricted cash	96	93	96
Trade receivables	17,265	11,079	24,365
Other account receivables	9,250	13,174	7,413
Inventories	999	1,218	1,069
	<u>49,580</u>	<u>72,462</u>	<u>47,424</u>
<u>NON-CURRENT ASSETS:</u>			
Property and equipment	159,230	172,080	173,946
Property and equipment under construction	-	13,873	-
Advances on account of property and equipment	3,836	2,559	3,245
Right-of-use assets	7,195	7,750	7,226
Intangible assets	426	531	479
Deferred taxes	-	82	-
	<u>170,687</u>	<u>196,875</u>	<u>184,896</u>
	<u>220,267</u>	<u>269,337</u>	<u>232,320</u>

The accompanying notes are an integral part of the interim consolidated financial statements.

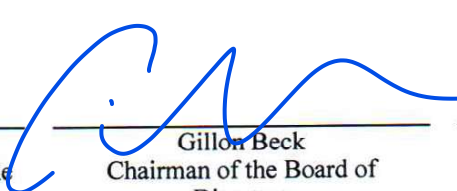
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of June 30,		As of
	2025	2024	December 31, 2024
	Unaudited		Audited
	USD in thousands		
<u>CURRENT LIABILITIES:</u>			
Current maturities of lease liabilities	1,249	1,062	1,105
Current maturities of loan from a related party	22,091	10,672	21,711
Loans from banks	20,000	-	-
Trade payables	416	4,336	579
Advances and deferred revenues	1,426	8,592	6,189
Other account payables	10,693	36,810	6,934
	<u>55,875</u>	<u>61,472</u>	<u>36,518</u>
<u>NON-CURRENT LIABILITIES:</u>			
Lease liabilities	5,676	5,436	5,186
Other liabilities	-	166	193
Employee benefit liabilities	69	62	68
Loans from banks	-	20,000	20,000
Loan from a related party	11,188	21,164	10,831
	<u>16,933</u>	<u>46,828</u>	<u>36,278</u>
<u>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:</u>			
Share capital	-	-	-
Share premium and capital reserves	206,080	206,040	206,067
Share-based payments reserve	3,579	3,240	3,462
Accumulated deficit	(62,200)	(48,243)	(50,005)
	<u>147,459</u>	<u>161,037</u>	<u>159,524</u>
	<u>220,267</u>	<u>269,337</u>	<u>232,320</u>

The accompanying notes are an integral part of the interim consolidated financial statements.

August 28, 2025

Date of approval of the
financial statements


Gillon Beck
Chairman of the Board of
Directors


Noam Segal
CEO


Yuval Sipper
CFO

IMAGESAT INTERNATIONAL (I.S.I.) LTD.
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended June 30		For the three months ended June 30		For the Year ended December 31
	2025	2024	2025	2024	2024
	Unaudited				Audited
	USD in thousands				
Revenues	26,631	21,032	19,105	7,876	58,003
Costs of revenues	15,772	12,782	11,566	3,062	29,859
Depreciation and amortization	15,124	8,853	7,329	4,416	21,764
Gross profit (loss)	(4,265)	(603)	210	398	6,380
Selling and marketing expenses	1,738	1,802	750	827	3,477
General and administrative expenses	2,622	2,297	1,327	1,183	5,017
Research and development expenses	1,967	1,933	1,006	798	4,112
Operating loss	(10,592)	(6,635)	(2,873)	(2,410)	(6,226)
Finance income	1,264	506	794	261	538
Finance expenses	2,343	1,336	1,532	650	3,499
Loss before taxes on income	(11,671)	(7,465)	(3,611)	(2,799)	(9,187)
Taxes on income (tax benefit)	524	(899)	524	(192)	(878)
Loss	(12,195)	(6,566)	(4,135)	(2,607)	(8,309)
<u>Other comprehensive loss (net of taxes):</u>					
income from remeasurement of defined benefit plans	-	-	-	-	(19)
Total other comprehensive loss	-	-	-	-	(19)
Total comprehensive loss	(12,195)	(6,566)	(4,135)	(2,607)	(8,328)
<u>Net loss per share attributable to equity holders of the Company (USD):</u>					
Basic and diluted	(0.20)	(0.11)	(0.07)	(0.04)	(0.14)

The accompanying notes are an integral part of the interim consolidated financial statements.

IMAGESAT INTERNATIONAL (I.S.I.) LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium and capital reserves	Share-based payments reserve	Accumulated deficit	Total Equity
Unaudited					
USD in thousands					
<u>Balance as of December 31, 2024</u> <u>(Audited)</u>	-	206,067	3,462	(50,005)	159,524
Loss	-	-	-	(12,195)	(12,195)
Expiration of options	-	13	(13)	-	-
Share-based payment	-	-	130	-	130
<u>Balance as of June 30, 2025</u>	-	206,080	3,579	(62,200)	147,459

	Share capital	Share premium and capital reserves	Share-based payments reserve	Accumulated deficit	Total Equity
Unaudited					
USD in thousands					
<u>Balance as of December 31, 2023</u> <u>(Audited)</u>	-	206,040	2,898	(41,677)	167,261
Loss	-	-	-	(6,566)	(6,566)
Share-based payment	-	-	342	-	342
<u>Balance as of June 30, 2024</u>	-	206,040	3,240	(48,243)	161,037

	Share capital	Share premium and capital reserves	Share-based payments reserve	Accumulated deficit	Total Equity
Unaudited					
USD in thousands					
<u>Balance as of March 31, 2025</u>	-	206,067	3,549	(58,065)	151,551
Loss	-	-	-	(4,135)	(4,135)
Expiration of options	-	13	(13)	-	-
Share-based payment	-	-	43	-	43
<u>Balance as of June 30, 2025</u>	-	206,080	3,579	(62,200)	147,459

The accompanying notes are an integral part of the interim consolidated financial statements.

IMAGESAT INTERNATIONAL (I.S.I.) LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium and capital reserves	Share-based payments reserve	Accumulated deficit	Total Equity
Unaudited					
USD in thousands					
<u>Balance as of March 31, 2024</u>	-	206,040	3,086	(45,636)	163,490
Loss	-	-	-	(2,607)	(2,607)
Share-based payment	-	-	154	-	154
<u>Balance as of June 30, 2024</u>	-	206,040	3,240	(48,243)	161,037

	Share capital	Share premium and capital reserves	Share-based payments reserve	Accumulated deficit	Total Equity
Audited					
USD in thousands					
<u>Balance as of December 31, 2023</u>	-	206,040	2,898	(41,677)	167,261
Loss	-	-	-	(8,309)	(8,309)
Expiration of options	-	27	(27)	-	-
Share-based payment	-	-	591	-	591
Other comprehensive loss	-	-	-	(19)	(19)
<u>Balance as of December 31, 2024</u>	-	206,067	3,462	(50,005)	159,524

The accompanying notes are an integral part of the interim consolidated financial statements.

IMAGESAT INTERNATIONAL (I.S.I.) LTD.

CONSOLIDATED STATEMENTS OF CASH FLOW

	For the six months ended June 30		For the three months ended June 30		For the Year ended December 31
	2025	2024	2025	2024	2024
	Unaudited				Audited
	USD in thousands				
<u>Cash flows from operating activities:</u>					
Loss	(12,195)	(6,566)	(4,135)	(2,607)	(8,309)
Adjustments to reconcile loss to net cash used in operating activities:					
Adjustments to profit or loss:					
Depreciation and amortization	15,071	8,801	7,302	4,390	21,660
Amortization of an intangible asset	53	52	27	26	104
Depreciation of right-of-use asset	610	583	311	292	1,177
Share-based payment	130	342	43	154	591
Finance Expenses (income), net	2,000	490	1,659	246	2,484
Taxes on income (tax benefit)	524	(899)	524	(192)	(878)
Change in employee's liabilities, net	1	(10)	2	(2)	(4)
	<u>18,389</u>	<u>9,359</u>	<u>9,868</u>	<u>4,914</u>	<u>25,134</u>
Changes in assets and liabilities:					
Decrease (increase) in trade receivables	7,100	575	309	(2,508)	(12,711)
Increase in other receivables	(1,824)	(116)	1,470	(935)	5,620
Increase in inventories	-	(154)	-	-	(27)
Increase (decrease) in trade payables	(163)	3,289	(562)	1,963	(468)
Decrease in advances and deferred revenues	(4,763)	(1,166)	(3,376)	3,903	(3,569)
Decrease in other account payables	2,974	(3,638)	3,493	(1,735)	(2,099)
	<u>3,324</u>	<u>(1,210)</u>	<u>1,334</u>	<u>688</u>	<u>(13,254)</u>
Cash paid or received in the period for:					
Interest received	330	394	215	255	586
Interest paid	(1,090)	(2,345)	(536)	(206)	(3,640)
Tax paid	(22)	(20)	(10)	(11)	(43)
Tax received	98	355	98	-	355
	<u>(684)</u>	<u>(1,616)</u>	<u>(233)</u>	<u>38</u>	<u>(2,742)</u>
Net cash provided by (used in) operating activities	<u>8,834</u>	<u>(33)</u>	<u>6,834</u>	<u>3,033</u>	<u>829</u>

The accompanying notes are an integral part of the interim consolidated financial statements.

IMAGESAT INTERNATIONAL (I.S.I.) LTD.

CONSOLIDATED STATEMENTS OF CASH FLOW

	For the six months ended June 30		For the three months ended June 30		For the Year ended December 31
	2025	2024	2025	2024	2024
	Unaudited				Audited
	USD in thousands				
<u>Cash flow from investing activities:</u>					
Purchase of property equipment	(285)	(547)	(193)	(187)	(33,031)
Advances on account of assets under construction	(591)	(652)	(310)	(325)	(982)
Withdrawal of bank deposits	-	10,864	-	10,864	10,864
Investment in bank deposits	-	(10,864)	-	-	(10,864)
Net cash used in investing activities	<u>(876)</u>	<u>(1,199)</u>	<u>(503)</u>	<u>10,352</u>	<u>(34,013)</u>
<u>Cash flow from financing activities:</u>					
Repayment of lease liabilities	(469)	(448)	(163)	(150)	(913)
Repayment of a loan to a related party	-	(8,529)	-	-	(8,529)
Proceeds from bank loans	-	20,000	-	20,000	20,000
Net cash provided by (used in) financing activities	<u>(469)</u>	<u>11,023</u>	<u>(163)</u>	<u>19,850</u>	<u>10,558</u>
<u>Increase (decrease) in cash and cash equivalents</u>	7,489	9,791	6,168	33,235	(22,626)
<u>Cash and cash equivalents at the beginning of the period:</u>	<u>14,481</u>	<u>37,107</u>	<u>15,802</u>	<u>13,663</u>	<u>37,107</u>
<u>Cash and cash equivalents at the end of the period</u>	<u>21,970</u>	<u>46,898</u>	<u>21,970</u>	<u>46,898</u>	<u>14,481</u>

The accompanying notes are an integral part of the interim consolidated financial statements.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1:- GENERAL

A. General description of the Company and its activity

ImageSat International (I.S.I) Ltd (“Imagesat” or “the Company”) and its subsidiaries (“the Group”) specialize in providing space-based intelligence solutions, very-very high-resolution satellite imagery and data analytics specifically tailored for homeland defense markets and civilian markets, in Israel and worldwide. The Company was incorporated in Israel on January 26, 1999 as a limited private company. On September 7, 2000, the Company changed its name to Imagesat Israel Ltd. (previously West Indian Space Israel Ltd.) and, on September 2, 2021, the Company changed its name to Imagesat International (I.S.I) Ltd. In February 2022, the Company made an initial public offering of its shares. For further details, see Note 1(C) on the 2024 annual financial statements.

In 2020, the EROS C2 satellite, owned by a third party, was launched. This is a very very high-resolution electro-optical satellite with capabilities similar to those of EROS C3, except for the color imaging capabilities that are available only on the EROS C3 satellite. According to an agreement signed in September 2019 between the Company and the third party (hereinafter: “Mutual Use Agreement No. 1”), the Company was granted the exclusive right to use the EROS C2 satellite owned by the third party.

Under Mutual Use Agreement No. 1, the Company received the right to sell all products not used by the third party from the EROS C2 satellite (which constitute the majority of this satellite’s overall capacity) in exchange for granting the third party the right to use the EROS C3 satellite in pre-agreed time slots throughout the satellite’s lifespan.

On December 30, 2022, the company launched the EROS C3 satellite, which is an electro-optical satellite with very very high resolution and capable of color photography (Multi-Spectrali). On June 26, 2023, a series of in-orbit acceptance tests was completed and the EROS C3 satellite entered commercial activity and began operating as part of the Company's EROS NG constellation. For more details see Note 24e (4).

On June 13, 2023, the Company launched the RUNNER satellite (“Runner”), which is an electro-optical satellite with very high resolution and the ability of color video photography. On July 1, 2024, the Runner satellite was reclassified from Property and equipment under construction to Property and equipment and depreciation commenced. Runner is a satellite from the New Space family and is part of the Company's Global-Eye constellation and constitutes a part of the space-based intelligence infrastructure product line of the company.

B. These financial statements have been prepared in condensed format as of June 30, 2025, and for the three and six months then ended (“the Interim Consolidated Financial Statements”). The financial statements should be read in the context of the Company’s annual financial statements as of December 31, 2024, for the year then ended, and their accompanying notes (“the Consolidated Annual Financial Statements”).

C. Financing

As of the report date, the Company has current maturities totaling approximately \$22.1 million due to Israel Aerospace Industries (“IAI”), a material shareholder (see Note 16b for details of the related party relationship and the loan agreement).

On March 31, 2024, the Company entered into agreements with banking corporations for the establishment of credit lines. The total credit line amount signed with the banking

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1:- GENERAL (CONT.)

corporations is \$20 million. The Company drew down the full credit line at the end of June 2024, with repayment scheduled for June 2026. In February 2025, the Company signed an additional credit line agreement in the amount of \$5 million with a banking corporation, valid until February 2026. As of the reporting date, this additional credit line has not yet been utilized.

The company anticipates continued growth in its business activities in accordance with its business plans and, as a result, an increase in cash flow from its ongoing operations. In light of the aforementioned, according to the company's management assessment, based on its plans, the company will meet its obligations in the foreseeable future.

D. The "Swords of iron" war

Further to the description in Note 1(e) to the annual consolidated financial statements regarding the implications of the "Iron Swords" war (hereinafter: the "War"), in October 2023 the "Iron Swords" war broke out in the State of Israel. The War, which has been conducted at a low level of intensity, continues as of the date of publication of this report.

During the quarter, on June 13, 2025, the State of Israel launched a military operation against Iran, called "Am Kalavi." On June 24, 2025, a ceasefire agreement was reached between the parties.

As noted above, the war and its continuation have broad implications for the Israeli economy, the scope and future impact of which cannot yet be estimated.

It should be noted that since the outbreak of the war, the Company has maintained its ongoing operational and business activities and is regularly monitoring developments. Like the economy as a whole, the war has created a number of challenges, including the mobilization of employees to the reserves, which affects the progress of development activities and system readiness; negative geopolitical effects in some of the Company's target markets; new regulatory requirements, such as export permits from countries—mainly in Western Europe—where some of the Company's suppliers operate; and more.

The Company monitors these impacts, and in its assessment, as of the date of this report, it has no indication of any material impact of the War on its business; however, there is no certainty that this will remain the case if and to the extent that the War is renewed with greater intensity.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

Format of preparation of the Interim Consolidated Financial Statements

The Interim Consolidated Financial Statements have been prepared in accordance with International Accounting Standard IAS 34, Interim Financial Reporting, and in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports) 1970.

The accounting policy applied in the preparation of these Interim Consolidated Financial Statements is consistent with the policy applied in the preparation of the annual consolidated financial statements.

IMAGESAT INTERNATIONAL (I.S.I.) LTD.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3: - REVENUES

A. Revenue breakdown based on the geographic location of customers:

	For the six months ended June 30		For the three months ended June 30		For the Year ended December 31
	2025	2025	2025	2024	2024
	Unaudited				Audited
	USD in thousands				
Asia	16,974	9,234	11,168	4,837	37,606
America	9,612	10,498	7,893	2,402	18,012
Africa	-	427	-	421	716
Europe	44	676	43	178	827
Israel	1	197	1	38	842
	<u>26,631</u>	<u>21,032</u>	<u>19,105</u>	<u>7,876</u>	<u>58,003</u>

B. Revenues reported in the financial statements for each group of products and services:

	For the six months ended June 30		For the three months ended June 30		For the Year ended December 31
	2025	2024	2025	2024	2024
	Unaudited				Audited
	USD in thousands				
Satellite Services	8,149	12,757	4,700	6,746	* 23,257
Intelligence as a Service	7,697	-	3,790	-	6,755
Satellite Solutions and Supporting Infrastructure	10,785	8,275	10,615	1,130	* 27,991
	<u>26,631</u>	<u>21,032</u>	<u>19,105</u>	<u>7,876</u>	<u>58,003</u>

*Reclassified

NOTE 4:- SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

- A. On May 24, 2025, the Company signed an agreement with Customer A for the providing of services from the EROS C2 and EROS C3 satellites, as well as related support services, for a period of two years (hereinafter: the “Agreement,” the “Services,” and the “Service Period,” respectively). According to the Agreement, in consideration for the Services, Customer A will pay the Company a total amount of USD 42 million over the entire Service Period (representing USD 21 million per year), subject to the Company’s commitment to provide services in accordance with the scope defined in the Agreement.

- B. On August 26, 2025, the Company was informed that funds of approximately USD 9.5 million from two insurers within the full syndicate of insurers of the EROS C3 satellite, representing approximately 8.8% of the total insurance coverage in respect of a damage claim submitted to the syndicate for anomaly events that occurred in the satellite during September and November 2024, have been transferred to its bank account. The Company continues to pursue and conduct negotiations with the remaining satellite insurers for the realization of the outstanding claimed insurance coverage. As of the date of this report, the Company is unable to assess the outcome of these negotiations.

- C. On August 28, 2025, the Company’s Board of Directors, following the recommendation of the Compensation Committee, approved the extension of the expiration date of 638,173 non-tradable options granted to the Company’s Chief Executive Officer and other senior officers. The expiration date was extended to September 20, 2026, representing a one-year extension from the original expiration date.
